ANTICIPATORY STRATEGY

Once upon a time a camel and a donkey were walking together. The camel moved smoothly with long strides while the donkey moved impatiently, stumbling frequently. The donkey asked his companion, "How is it that I am perpetually in trouble? I am always falling and hurting myself in spite of the fact that I look carefully downward as I walk. You never seem to be aware of what surrounds you. Your eyes are fixed on the horizon, and you keep going fast without stumbling."

The camel smiled serenely and answered, "By looking down you do not see anything until it is too late to change your steps. You think that haste is speed and that by looking you can see. And, you think that seeing near is the same as seeing far. You assume that I am looking at the horizon. However, I am merely gazing ahead so as to work out what to do when the far becomes near. And I remember what has gone before, and do not need to look back and stumble once again."

INTRODUCTION

For years now, it has been unfashionable to talk about strategies. However, for those companies that were gaining market share, creating new markets, integrating businesses forward or backward, or otherwise gaining competitive advantage, strategy is an integral part of the way they do business. But, "the strategic plan" as it was known 20 years ago is gone and probably won't come back. Strategic planning works in stable or predictably changing times. Strategy is less about planning and more about perception, synthesis, and action. Strategy is about acting in a way that anticipates the future while meeting today's needs.

Strategy helps deal with complex or chaotic markets. Companies have been driven by the demands of stakeholders for short-term rewards, by the limited capacity for development that has resulted in mergers and acquisitions, and by a focus on their present capability, resulting in the cutbacks, downsizing and other short-term remedies. Now is the time to re-focus on strategy.

FOUR FACTORS

To create a good strategy, you must understand four factors:

1. Opportunities and threats. Opportunities and threats from outside the enterprise result from the interplay of customer needs, technological capabilities, and competitive responses. This mixture is constantly changing. Social, political, economic, demographic, and scientific driving forces for change, acting on customers, competition and technology, create the change that strategy must encompass. It's good to start with customer needs, but it is not wise to be purely customer driven. Competitive based strategies abound, and in some part, are responsible for a myopic view of strategy.

2. Enterprise capability. The enterprise's capability to anticipate and respond to customer needs, utilize technological capability, and establish competitive advantage is the result of the wise application of its resources -- capital, people, facilities, equipment, intellectual property, and strategic relationships.

The capability of the enterprise has severely limited many strategies. IBM was a culture-driven company. T. J. Watson, Jr. codified the IBM belief system in A Business and Its Beliefs. This culture became the company's

greatest asset and eventually its greatest weakness. The culture was so strong that it resisted change. Yet it was instrumental in creating an effective model of success for 30 years. It failed when it could not adapt to the rapid change.

3. Enterprise capacity. The enterprise's capacity for development is composed of the same elements as its present capability. The difference is that in determining the capacity for development, the way the elements can act together are examined. For example, a start-up company may be capital limited. But, if it has the right mixture of intellectual property and people, the company may raise the required capital to consider the strategy it needs for success.

4. Stakeholder's desires. Stakeholder's desires are probably the biggest driving force for strategy in the U.S. It has been vilified as the culprit for why the U.S. lost its competitive edge during the 1980's. The problems begin to occur when these desires become the only driving force for strategy. Or, when stakeholders are translated into stockholders to the exclusion of all other stakeholders, the strategy may get off track.

Stakeholders are not only stockholders, but employees, customers, suppliers, community citizens and institutions, and even competitors. Considering competitors as stakeholders helps bring competition into focus more accurately. By considering stakeholders as a synergistic process, everyone benefits.

INTEGRATION

A good strategy integrates all four factors in a dynamic, real-time way. Fear of participative, comprehensive strategy creation can result in failure as well. Founders and executives who have been successful to some degree in the past fear the loss of control and potential redirection that this type of thinking can result in.

The story at the beginning is metaphor, not model. The challenge executives face is to create strategies that allow the enterprise to act in ways that anticipate the future while not stumbling over the present.

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